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PHILIPPINE CROP INSURANCE CORPORATION For the Period January-September 2024 Report

A. Insurance Coverage and Outreach

The Philippine Crop Insurance Corporation (PCIC) reported a total insurance coverage of ₱105 billion across its various programs from January to September 2024. Among these, the Credit and Life Term Insurance (CLTI) product recorded the highest coverage, with a total insured amount of ₱28.20 billion. This represents 27% of the total amount insured by PCIC during the same period. Furthermore, CLTI covers 19.07% of the total individuals insured under PCIC (Table 1).

A significant part of PCIC's portfolio during this period consists of insurance coverage for rice, which accounts for almost 25% of the total insured amount. This coverage was extended to 1,117,078 individuals. The strong demand for rice insurance can be attributed to its high annual target.

Coconut and livestock continued to be key commodities in PCIC's portfolio during the third quarter of 2024, representing 19% and 12.01% of the total insured amount, respectively. PCIC also provided coverage to 488,205 coconut farmers (15.6%) and 336,033 livestock producers (11%). The prominence of these commodities in PCIC's portfolio is primarily attributed to strategic support initiatives aimed at bolstering these sectors.

For instance, the PCIC, in partnership with the Philippine Coconut Authority (PCA), is actively conducting extensive information caravans and mass enrolment activities. Additionally, PCIC offers the Coconut Tree Mortality Insurance Product Package for farmers who own, rent, or manage coconut farms of up to five hectares. Under this program, eligible farmers registered in the National Coconut Farmers Registry System (NCFRS) receive free insurance coverage for up to one hectare of coconut farmland. Similarly, the livestock sector receives extensive coverage in support of livestock raisers, especially swine farmers impacted by African Swine Fever (ASF).¹

Fisheries, sugarcane, tobacco, and poultry had the lowest insurance coverage during this period. According to PCIC, many fisherfolk have yet to be introduced to its fisheries insurance program. Sugarcane's high resilience to weather variability reduces climate-related risks, lowering the perceived need for insurance. Likewise, tobacco cultivation is limited to specific regions, resulting in lower demand for coverage. Poultry insurance uptake remains low, as most insured raisers operate at a backyard or subsistence level, raising only a small number of birds per growing cycle.

¹ Luza, Joy Camille. "CFIDP Implementation to See a Significant Boost in the Third Quarter." *PCAF Newsletter*, May 31, 2024.

**Table 1 . PCIC Coverage and Outreach, by Insurance Product/Commodity, by Commodity
As of September 30, 2024**

| Commodity/Program | January-September 2024 | | | |
|--------------------------------|------------------------|---------------|------------------|---------------|
| | Amount (Million) | % Share | No. Insured | % Share |
| Rice | 26,100.66 | 24.83 | 1,117,078 | 35.70 |
| Corn | 8,115.20 | 7.72 | 322,614 | 10.31 |
| High value crops | 5,842.55 | 5.56 | 180,779 | 5.78 |
| Sugarcane | 365.17 | 0.35 | 5,159 | 0.16 |
| Coconut | 19,867.67 | 18.90 | 488,205 | 15.60 |
| Tobacco | 222.11 | 0.21 | 7,107 | 0.23 |
| Livestock | 12,625.72 | 12.01 | 336,033 | 10.74 |
| Poultry | 213.60 | 0.20 | 732 | 0.02 |
| Fisheries | 521.60 | 0.50 | 13,845 | 0.44 |
| Non-Crop | 3,043.45 | 2.90 | 60,552 | 1.94 |
| Credit and Life Term Insurance | 28,201.84 | 26.83 | 596,640 | 19.07 |
| Total | 105,119.56 | 100.00 | 3,128,744 | 100.00 |

Source: Philippine Crop Insurance Corporation (PCIC) 2024 3rd quarter Report

B. Insurance Cover by Region

Nearly half of PCIC's total insurance coverage for the third quarter of 2024 is centered in four regions: Region VI at ₱15.58 billion (14.82%), Region II at ₱14.08 billion (13.39%), Region VIII at ₱10.19 billion (9.69%), and Region VII at ₱9.17 billion (8.72%).

Correspondingly, these regions also represent the highest number of insured individuals. Leading the list is Region VI with 457,859 insured (14.63%), followed by Region II with 379,313 (12.22%), Region VII with 315,943 (10.10%), and Region VIII with 294,556 (9.41%).

The substantial insurance coverage in Region VI is largely attributed to the widespread enrollment under the rice insurance program and the Credit and Life Term Insurance (CLTI). In Region II, increased insurance participation is fueled by strengthened collaborations with LGUs, in covering farmers through the Credit and Life Term Insurance (CLTI) and Accident and Dismemberment Security Scheme (ADSS) programs. Meanwhile, Region VII has significant enrollment in high value crops and rice insurance. For Region VIII, the increase in coverage is mainly due to the high number of high-value crop growers.

The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has the lowest insurance coverage, amounting to just ₱322 million (0.31%) and covering only 7,707 individuals (0.25%).

This emphasizes the need for focused efforts to improve insurance awareness and accessibility in regions like BARMM.

Table 2. PCIC Coverage and Outreach, by Region
As of September 30,2024

| Region | For the Period January-September 2024 | | | |
|--------------------|---------------------------------------|---------------|------------------|---------------|
| | Amount (PM) | % Share | No. of Insured | % Share |
| CAR | 2,021.061 | 1.92 | 78,381.00 | 2.51 |
| I | 5,625.985 | 5.35 | 241,615.00 | 7.72 |
| II | 14,079.301 | 13.39 | 379,313.00 | 12.12 |
| III | 7,319.171 | 6.96 | 185,556.00 | 5.93 |
| IV-A | 6,026.593 | 5.73 | 143,798.00 | 4.60 |
| IV-B | 6,775.295 | 6.45 | 144,424.00 | 4.62 |
| V | 5,791.528 | 5.51 | 199,058.00 | 6.36 |
| VI | 15,580.103 | 14.82 | 457,859.00 | 14.63 |
| VII | 9,168.928 | 8.72 | 315,943.00 | 10.10 |
| VIII | 10,187.905 | 9.69 | 294,556.00 | 9.41 |
| IX | 5,501.230 | 5.23 | 180,867.00 | 5.78 |
| X | 3,601.339 | 3.43 | 111,483.00 | 3.56 |
| XI | 4,586.349 | 4.36 | 131,162.00 | 4.19 |
| XII | 4,622.661 | 4.40 | 131,249.00 | 4.19 |
| XIII | 3,910.538 | 3.72 | 125,773.00 | 4.02 |
| BARMM | 321.571 | 0.31 | 7,707.00 | 0.25 |
| All Regions | 105,119.558 | 100.00 | 3,128,744 | 100.00 |

Source: Philippine Crop Insurance Corporation (PCIC) 2024 3rd quarter Report

C. Insurance Claims, Loss Ratio, and Damage Rate

As of the 3r Quarter of 2024, the total insurance coverage reached ₱105.12 billion while total premiums collected amounted to ₱4.68 billion. PCIC's Damage Rate, or the percentage of total claims paid relative to the overall coverage, stands at 1.88%. The low rate reflects a relatively low level of exposure to risk for PCIC and, therefore, shows a conservative risk management position.

Meanwhile, the total claims paid to farmers and fishers who experienced losses amount to ₱1.97 billion, which is still lower than the premiums collected. The Loss Ratio, which measures the proportion of claims paid to premiums earned, stands at 0.42. This indicates that for every peso earned in premiums, the corporation allocates only forty-two centavos for indemnity claims. The ability to keep claim payouts within a manageable share of total premiums collected highlights the financial sustainability of PCIC's insurance program.

**Table 3. Damage and Loss Ratio
As of September 30, 2024**

| | Jan-Sept |
|-------------------------------------|--------------------|
| Amount of cover (PM) | 105,119.558 |
| Amount of premiums (PM) | 4,677.63 |
| Claims paid (PM) | 1,971.99 |
| Damage rate (%)^{1/} | 1.88 |
| Loss ratio (%)^{2/} | 0.42 |

^{1/}Damage Rate = Claims Paid/Amount of Cover

^{2/}Loss Ratio = Claims Paid/Premiums Earned

Source: Philippine Crop Insurance Corporation (PCIC) 2024 3rd quarter Report

Table 4 provides a detailed breakdown of PCIC insurance claims payments by commodity and program for the third quarter of 2024. The data shows that half of the share of payments (50.01%) amounting to ₱987.50 was allocated to indemnity claims under the Rice Program benefiting 193,985 individuals, or more than half (57.22%) of all PCIC indemnity claimants during this period. The Damage Rate for rice insurance was recorded at 3.78%, while the Loss Ratio stood at 0.38.

The second-largest claims payment, totaling ₱562.18 million (28.5%), was allocated to corn. Corn indemnity claimants, numbering 104,899, comprised 30.94% of all PCIC claims beneficiaries. Both the Damage Rate (6.93%) and Loss Ratio (0.69) for corn insurance are higher than those for rice insurance.

The third-largest claims payment by PCIC during this period was for high-value crops (HVC), amounting to ₱201.56 million, or 10.22% of the total indemnity payments for the quarter. Despite this substantial payment, the number of HVC indemnity beneficiaries is relatively low, with only 25,507 claimants, representing 7.52% of the total beneficiaries. While the Damage Rate for HVC insurance stands at 3.45%, the Loss Ratio is significantly higher at 0.69, surpassing that of rice insurance.

On the other hand, after HVC, the Livestock insurance program received claims payments totaling ₱170.59 million, or 8.65% of the total indemnity payments. With 9,919 claimants, this represents

2.93% of all PCIC claims beneficiaries. The Damage Rate for livestock insurance is 1.35%, while the Loss Ratio stands at 0.36.

While the lowest claims payment was recorded for poultry, having the smallest claims payout, totaling just ₱0.128 million, distributed among only ten beneficiaries. The Damage Rate for poultry insurance stood at .06%, while the Loss Ratio is registered at 0.02.

Table 4. Insurance Claims Paid, by Program/Commodity

As of September 30, 2024

| Commodity/ Product | Farmer Beneficiaries | | Indemnity/ Claims Paid | | Damage Rate (%) | Loss Ratio |
|-----------------------|----------------------|---------------|------------------------|---------------|-----------------------|---------------|
| | No. | % | Amount (PB) | % | | |
| Rice | 193,985 | 57.22 | 987.504 | 50.08 | 3.78 | 0.38 |
| Corn | 104,899 | 30.94 | 562.182 | 28.51 | 6.93 | 0.69 |
| HVC | 25,507 | 7.52 | 201.563 | 10.22 | 3.45 | 0.69 |
| Sugarcane | 364 | 0.11 | 4.075 | 0.21 | 1.12 | 0.23 |
| Coconut | 1,115 | 0.33 | 6.499 | 0.33 | 0.03 | 0.02 |
| Tobacco | 604 | 0.18 | 2.898 | 0.15 | 1.30 | 0.26 |
| Livestock | 9,919 | 2.93 | 170.589 | 8.65 | 1.35 | 0.36 |
| Poultry | 10 | 0.00 | 0.128 | 0.01 | 0.06 | 0.02 |
| Fisheries | 1,035 | 0.31 | 5.421 | 0.27 | 1.04 | 0.16 |
| NCI | 572 | 0.17 | 6.937 | 0.35 | 0.23 | 0.13 |
| CLTI | 993 | 0.29 | 24.192 | 1.23 | 0.09 | 0.44 |
| TOTAL | 339,003 | 100.00 | 1,971.988 | 100.00 | 1.88 | 0.42 |

Source: Philippine Crop Insurance Corporation (PCIC) 2024 3rd quarter Report

D. Insurance Claims, By Type of Peril

The data in Table 5 shows that pest infestation was the leading cause of insurance claims during the period. Total indemnity payments for pest-related damages reached ₱737.803 million, accounting for more than one-third (38.12%) of all indemnities. Rice was the most affected crop, with claims amounting to ₱499.837 million, representing over two-thirds (67.75%) of pest-related indemnities. Corn also faced significant losses, with claims totalling ₱210.609 million, or 28.55% of pest-related payouts. Additionally, most insurance claimants (55.38%) were those affected by pest infestations, totalling 186,160 individuals. The severe impact of pests, particularly on rice and corn, indicates the urgent need to strengthen pest management strategies and promote the adoption of more effective preventive measures to minimize future losses.

Drought was the second leading cause of indemnity payments in the third quarter of 2024, totalling ₱605.748 million and accounting for 31.30% of total indemnities. The corn sector received the highest payout for drought-related losses at ₱272.98 million, representing 45.06% of total drought indemnities. Other major beneficiaries included the rice sector, which received ₱225.613 million (37.25%), and high-value crops (HVC), which accounted for ₱99.26 million (16.39%). A total of 76,979 claimants were affected by drought, making up 22.88% of all insurance claimants for the period. The high volume of indemnities attributed to drought was primarily due to the prolonged *El Niño* episode, which persisted from 2023 through the first half of 2024. This phenomenon led to below-normal rainfall, resulting in widespread water deficits and significant agricultural losses.

Diseases ranked as the third leading cause of indemnity payments in the third quarter, amounting to ₱272.12 million, or 14.06% of total indemnities for the period. Livestock insurance accounted for ₱96.91 million of these payouts, while the remaining ₱175.22 million covered claims for rice, corn, and high-value crops (HVCs), which collectively made up 64.39% of disease-related indemnities. The primary disease concerns for livestock were African Swine Fever (ASF) and pneumonia, while HVCs were mainly affected by anthracnose, powdery mildew, and other fungal infections. In total, 40,510 individuals filed disease-related insurance claims, representing 12.04% of all claimants during the period.

Typhoons and floods were the fourth largest cause of indemnity payments in the third quarter of 2024, with a total payout of ₱252.44 million, accounting for 13.04% of all disbursed indemnities. Damage caused by Typhoons (Enteng and Gener)², along with flooding, led to significant claims, particularly in the rice sector, which received ₱176.73 million, or 70% of all typhoon- and flood-related payments. The corn sector followed with ₱44.44 million (17.60%), while high-value crops (HVCs) received ₱31.18 million (12.35%). The livestock sector had the smallest share, receiving ₱0.09 million (0.04%). In total, 30,996 individuals filed claims for typhoon and flood damage, making up 9.21% of all insurance claimants during the period.

Table 5. Claims By Type of Perils
as of September 30, 2024

| Commodity | Cause of Loss | No. of Claimants | Indemnity (PhP M) |
|-------------|---------------|------------------|-------------------|
| RICE | | | |
| | Pest | 132,900 | 499.837 |
| | Typhoon/Flood | 18,307 | 176.727 |

²National Disaster Risk Reduction and Management Council (NDRRMC). (2024). Situation Report No. 24: Combined effects of the enhanced southwest monsoon and TCs Ferdie, Gener, Helen, and Igme. Retrieved from https://ndrrmc.gov.ph/attachments/article/4263/SitRep_No.24_for_the_Combined_Effects_of_the_Enhanced_Southwest_Monsoon_and_TC_FERDIE_GENER_and_HELEN_IGME_2024.pdf

| | | | |
|-------------------------|---|-----------------------------|-------------------------------|
| | Drought | 27,097 | 225.613 |
| | Disease | 16,860 | 85.328 |
| | Sub-total | 193,985 | 987.504 |
| CORN | | | |
| | Drought | 38,492 | 272.981 |
| | Pest | 50,636 | 210.609 |
| | Disease | 9,145 | 34.148 |
| | Typhoon/Flood | 6,982 | 44.444 |
| | Sub-total | 104,899 | 562.182 |
| HIGH-VALUE CROPS | | | |
| | Disease | 8,483 | 55.739 |
| | Drought | 10,778 | 99.258 |
| | Typhoon/Flood | 5,697 | 31.181 |
| | Pest | 2,624 | 27.357 |
| | Others (Accidental/Wild Fire, Vol. Smog, etc.) | 152 | 1.501 |
| | Sub-total | 27,590 | 215.035 |
| LIVESTOCK | | | |
| | Disease | 6,022 | 96.909 |
| | Accident | 2,099 | 24.676 |
| | Drought (Heat Stroke) | 612 | 7.896 |
| | Flood | 10 | 0.09 |
| | Others (Accidental/Wild Fire, Vol. Smog, etc.) | 1,434 | 41.147 |
| | Sub-total | 9,929 | 170.717 |
| TOTAL | | 336,403^{1/} | 1,935.438^{1/} |

Source: PCIC 2024 3rd quarter Report

1/ The total number of claimants and indemnities does not include Fisheries, Non-crop Insurance (NCI), or Credit and Life Term Insurance (CLTI) categories.

E. Issues and Challenges

The Philippine Crop Insurance Corporation (PCIC) identified a limited budget as a key challenge affecting all insurance lines under the fully subsidized agricultural insurance program. This constraint can limit the number of farmers who can access insurance coverage, potentially leaving many vulnerable to climate-related risks, pests, and diseases.

To address this issue, PCIC plans to strengthen partnerships with Local Government Units (LGUs) and encourage them to allocate disaster funds as premium subsidies for farmers. This strategy aims to increase insurance accessibility for more farmers, ensuring better financial protection against agricultural risks. These issues and challenges submitted by the Actuarial Research and Product Valuation Department.

Issues and Challenges of Agricultural Insurance For the period January-September 2024

| Name of Product Line | Issues/Challenges | Plans to address these Issues/Challenges |
|----------------------|---|--|
| All Insurance Lines | Limited budget for the fully subsidized insurance program | To strengthen partnership with Local Government Units and encourage them to allocate available funds of the LGU (i.e., disaster funds) to serve as premium subsidies for their farmer constituents |

Source: Philippine Crop Insurance Corporation (PCIC) 2024 3rd Quarter Report.